

Assumptions Of Appendix

- Core deposit volume = \$90 million (\$2 million other liabilities excluded from core definition)
- Rates/overhead costs constant year to year
- Attrition (i.e., "estimated runoff") = 10% annually
- Expansion/attraction (i.e., "estimated attracted funds") = 12%
- Replacement costs: \$30 million 1 year wholesale CD funding @ 5.60%
- \$60 million overnight wholesale funding @ 5.00%
- weighted average cost = 5.20%
- Discount factor – premium over risk free rate = 3.25% estimated BB rated (on Standard & Poors scale) spread over equivalent duration U.S. treasury yield
- Estimated useful life of deposit base = 12 years

APPENDIX

core deposit analysis		current											
Existing deposits \$		1	2	3	4	5	6	7	8	9	10	11	12
demand	13,000,000	13,300,000	15,606,000	15,918,120	16,236,482	16,561,212	16,892,436	17,230,285	17,574,891	17,926,389	18,284,916	18,650,615	19,023,627
savings	25,000,000	25,500,000	26,010,000	26,530,200	27,060,804	27,602,020	28,154,060	28,717,142	29,291,485	29,877,314	30,474,860	31,084,358	31,706,645
now	10,000,000	10,200,000	10,404,000	10,612,680	10,824,322	11,040,808	11,261,624	11,486,857	11,716,594	11,950,926	12,189,944	12,433,743	12,682,418
10M/A	10,000,000	10,200,000	10,404,000	10,612,680	10,824,322	11,040,808	11,261,624	11,486,857	11,716,594	11,950,926	12,189,944	12,433,743	12,682,418
time	30,000,000	30,600,000	31,212,000	31,836,240	32,472,965	33,122,424	33,784,873	34,460,570	35,149,781	35,852,777	36,569,833	37,301,229	38,047,254
total	90,000,000	91,800,000	93,636,000	95,508,720	97,418,894	99,367,272	101,354,618	103,381,710	105,449,344	107,558,331	109,709,498	111,903,688	114,141,762
Existing deposit rate %		1	2	3	4	5	6	7	8	9	10	11	12
demand	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
savings	3.15%	3.15%	3.15%	3.15%	3.15%	3.15%	3.15%	3.15%	3.15%	3.15%	3.15%	3.15%	3.15%
now	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%
10M/A	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%	2.83%
time	4.79%	4.79%	4.79%	4.79%	4.79%	4.79%	4.79%	4.79%	4.79%	4.79%	4.79%	4.79%	4.79%
weighted average rate	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Deposit Overhead %		1	2	3	4	5	6	7	8	9	10	11	12
demand	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
savings	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%	1.80%
now	2.05%	2.05%	2.05%	2.05%	2.05%	2.05%	2.05%	2.05%	2.05%	2.05%	2.05%	2.05%	2.05%
10M/A	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%	0.55%
time	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
weighted average cost %	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%	1.37%
estimated runoff		1	2	3	4	5	6	7	8	9	10	11	12
demand	1,500,000	1,530,000	1,560,600	1,591,812	1,623,648	1,656,121	1,689,244	1,723,029	1,757,489	1,792,639	1,828,492	1,865,061	1,902,346
savings	2,500,000	2,550,000	2,601,000	2,653,020	2,706,080	2,760,202	2,815,406	2,871,714	2,929,148	2,987,721	3,047,446	3,108,336	3,170,409
now	1,000,000	1,020,000	1,040,400	1,061,208	1,082,432	1,104,081	1,126,162	1,148,686	1,171,659	1,195,093	1,218,994	1,243,374	1,268,241
10M/A	1,000,000	1,020,000	1,040,400	1,061,208	1,082,432	1,104,081	1,126,162	1,148,686	1,171,659	1,195,093	1,218,994	1,243,374	1,268,241
time	3,000,000	3,060,000	3,121,200	3,183,624	3,247,296	3,312,242	3,378,487	3,446,037	3,514,978	3,585,278	3,656,983	3,730,123	3,804,718
total	9,000,000	9,180,000	9,363,600	9,550,872	9,741,889	9,936,727	10,135,462	10,338,171	10,544,934	10,755,833	10,970,950	11,190,369	11,414,176
estimated attracted funds		1	2	3	4	5	6	7	8	9	10	11	12
demand	1,800,000	1,836,000	1,872,720	1,910,174	1,948,378	1,987,345	2,027,092	2,067,634	2,108,987	2,151,167	2,194,190	2,238,074	2,282,827
savings	3,000,000	3,060,000	3,121,200	3,183,624	3,247,296	3,312,242	3,378,487	3,446,037	3,514,978	3,585,278	3,656,983	3,730,123	3,804,718
now	1,200,000	1,224,000	1,248,480	1,273,450	1,298,919	1,324,897	1,351,395	1,378,423	1,405,991	1,434,111	1,462,793	1,492,049	1,521,888
10M/A	1,200,000	1,224,000	1,248,480	1,273,450	1,298,919	1,324,897	1,351,395	1,378,423	1,405,991	1,434,111	1,462,793	1,492,049	1,521,888
time	3,600,000	3,672,000	3,745,440	3,820,349	3,896,736	3,974,691	4,054,185	4,135,268	4,217,974	4,302,333	4,388,380	4,476,148	4,565,648
total	10,800,000	11,016,000	11,236,320	11,461,046	11,690,267	11,924,073	12,162,554	12,405,805	12,653,921	12,907,000	13,165,140	13,428,443	13,696,913
Net deposit volume \$		1	2	3	4	5	6	7	8	9	10	11	12
Total cost %	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%	4.38%
replacement cost analysis		1	2	3	4	5	6	7	8	9	10	11	12
replacement volume \$	90,000,000	91,800,000	93,636,000	95,508,720	97,418,894	99,367,272	101,354,618	103,381,710	105,449,344	107,558,331	109,709,498	111,903,688	114,141,762
total costs %	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%
Annual core deposit vya		1	2	3	4	5	6	7	8	9	10	11	12
risk free rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
risk factor	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
discount factor	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%	8.25%
annual present value diff.	685,912	699,630	713,348	727,066	740,784	754,502	768,220	781,938	795,656	809,374	823,092	836,810	850,528
NET PRESENT VALUE		1	2	3	4	5	6	7	8	9	10	11	12
	6,503,933												